

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2014**

**Matlock Clements**

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**Certified Public Accountants**

**FRANKLIN SPECIAL SCHOOL DISTRICT - INTERNAL SCHOOL FUNDS**  
**ANNUAL FINANCIAL REPORT**  
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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education and  
The Director of Schools  
Franklin Special School District  
Franklin, Tennessee

### Report on the Financial Statements

We have audited the accompanying combined and individual fund balance sheets – regulatory basis of Franklin Special School District's Internal School Funds as of June 30, 2014, and the related combined and individual fund statements of revenues and expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise Franklin Special School District's Internal School Funds financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note A, the financial statements are prepared by Franklin Special School District's Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Tennessee. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Franklin Special School District’s Internal School Funds as of June 30, 2014, or changes in financial position for each fund for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined and individual fund balance sheets – regulatory basis of the Franklin Special School District’s Internal School Funds as of June 30, 2014, and the related combined and individual fund statements of revenues and expenditures and changes in fund balance – regulatory basis for the year then ended in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note A.

***Emphasis of a matter***

As discussed in Note A, the financial statements present only the internal school funds of the Franklin Special School District and are not intended to present fairly the financial position of Franklin Special School District, as of June 30, 2014 or the changes in financial position of Franklin Special School District, for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined and individual fund balance sheets – regulatory basis of Franklin Special School District’s Internal School Funds, as of June 30, 2014, and the related combined and individual fund statements of revenues and expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise Franklin Special School District’s Internal School Funds financial statements. The accompanying financial information listed in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements – regulatory basis of the schools. As described in Note D of the financial statements, the supplementary information is prepared by Franklin Special School District’s Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements – regulatory basis as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated, October 14, 2014, on our consideration of the Franklin Special School District's Internal School Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin Special School District's Internal School Funds internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Matlock Clements, P.C." The signature is written in a cursive, flowing style.

Matlock Clements, P.C.  
Murfreesboro, Tennessee  
October 14, 2014

**FRANKLIN SPECIAL SCHOOL DISTRICT-INTERNAL SCHOOL FUNDS  
COMBINED BALANCE SHEET-REGULATORY BASIS-ALL SCHOOLS  
JUNE 30, 2014**

	Franklin Elementary School	Freedom Intermediate School	Freedom Middle School	Johnson Elementary School	Liberty Elementary School	Moore Elementary School	Poplar Grove Elementary School	Poplar Grove Middle School	Total
<b>ASSETS</b>									
Cash in Bank-Checking	\$ 51,247	\$ 84,718	\$ 37,189	\$ 29,094	\$ 21,765	\$ 27,855	\$ 14,857	\$ 44,154	\$ 296,022
Accounts Receivable	84	-	-	61	-	150	-	111	406
Inventory	-	25	-	-	1,913	2,732	4,283	2,603	7,273
<b>Total Assets</b>	<b>\$ 51,331</b>	<b>\$ 84,743</b>	<b>\$ 37,189</b>	<b>\$ 29,155</b>	<b>\$ 23,678</b>	<b>\$ 30,737</b>	<b>\$ 19,140</b>	<b>\$ 46,868</b>	<b>\$ 303,701</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balances:									
General Fund:									
Nonspendable	\$ -	\$ 25	\$ -	\$ -	\$ 1,913	\$ 2,732	\$ 4,283	\$ 2,603	\$ 7,273
Unassigned	46,989	72,096	12,711	17,349	10,821	26,579	12,208	10,696	197,241
<b>Total General Fund</b>	<b>\$ 46,989</b>	<b>\$ 72,121</b>	<b>\$ 12,711</b>	<b>\$ 17,349</b>	<b>\$ 12,734</b>	<b>\$ 29,311</b>	<b>\$ 16,491</b>	<b>\$ 13,299</b>	<b>\$ 204,514</b>
Restricted fund:									
Restricted	\$ 1	\$ 3,943	\$ -	\$ 33	\$ 1,652	\$ 50	\$ 1,020	\$ 325	\$ 6,004
Assigned	4,341	8,679	24,498	11,773	9,292	1,376	1,629	33,244	93,203
Unassigned	-	-	(20)	-	-	-	-	-	(20)
<b>Total Restricted Fund</b>	<b>\$ 4,342</b>	<b>\$ 12,622</b>	<b>\$ 24,478</b>	<b>\$ 11,806</b>	<b>\$ 10,944</b>	<b>\$ 1,426</b>	<b>\$ 2,649</b>	<b>\$ 33,569</b>	<b>\$ 99,187</b>
<b>Total Fund Balances</b>	<b>\$ 51,331</b>	<b>\$ 84,743</b>	<b>\$ 37,189</b>	<b>\$ 29,155</b>	<b>\$ 23,678</b>	<b>\$ 30,737</b>	<b>\$ 19,140</b>	<b>\$ 46,868</b>	<b>\$ 303,701</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 51,331</b>	<b>\$ 84,743</b>	<b>\$ 37,189</b>	<b>\$ 29,155</b>	<b>\$ 23,678</b>	<b>\$ 30,737</b>	<b>\$ 19,140</b>	<b>\$ 46,868</b>	<b>\$ 303,701</b>

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT-INTERNAL SCHOOL FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES-ALL SCHOOLS-REGULATORY BASIS-ALL SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Franklin Elementary School</b>	<b>Freedom Intermediate School</b>	<b>Freedom Middle School</b>	<b>Johnson Elementary School</b>	<b>Liberty Elementary School</b>	<b>Moore Elementary School</b>	<b>Poplar Grove Elementary School</b>	<b>Poplar Grove Middle School</b>	<b>Total</b>
Fund Balances, July 1, 2013	\$ 44,284	\$ 71,262	\$ 35,437	\$ 23,298	\$ 26,678	\$ 21,941	\$ 38,969	\$ -	\$ 222,900
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Adjusted Fund Balances, July 1, 2013	\$ 44,284	\$ 71,262	\$ 35,437	\$ 23,298	\$ 26,678	\$ 21,941	\$ 38,969	\$ -	\$ 222,900
Revenues	\$ 60,477	\$ 200,226	\$ 148,657	\$ 64,220	\$ 84,826	\$ 152,097	\$ 103,696	\$ 146,317	\$ 856,820
Expenditures	53,430	186,484	146,905	58,363	86,624	143,126	81,701	146,165	821,097
Excess of Revenues Over (Under) Expenditures	\$ 7,047	\$ 13,742	\$ 1,752	\$ 5,857	\$ (1,798)	\$ 8,971	\$ 21,995	\$ 152	\$ 35,723
Other Financing Sources (Uses):									
Changes [Increase (Decrease)] in Inventory	\$ -	\$ (261)	\$ -	\$ -	\$ (1,202)	\$ (175)	\$ 2,289	\$ 2,603	\$ 965
Residual Equity Transfer in (Out)	-	-	-	-	-	-	(44,113)	44,113	44,113
Operating Transfers In	-	-	-	-	-	-	1,259	1,618	1,618
Operating Transfers Out	-	-	-	-	-	-	(1,259)	(1,618)	(1,618)
Total Other Financing Sources (Uses)	\$ -	\$ (261)	\$ -	\$ -	\$ (1,202)	\$ (175)	\$ (41,824)	\$ 46,716	\$ 45,078
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 7,047	\$ 13,481	\$ 1,752	\$ 5,857	\$ (3,000)	\$ 8,796	\$ (19,829)	\$ 46,868	\$ 80,801
<b>Fund Balances, June 30, 2014</b>	<b>\$ 51,331</b>	<b>\$ 84,743</b>	<b>\$ 37,189</b>	<b>\$ 29,155</b>	<b>\$ 23,678</b>	<b>\$ 30,737</b>	<b>\$ 19,140</b>	<b>\$ 46,868</b>	<b>\$ 303,701</b>

The accompanying notes are an integral part of these financial statements.

See Independent Auditor's Report.



**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Background**

Section 49-2-110, *Tennessee Code Annotated*, provides for internal school funds, establishes responsibility for those funds, and requires schools to adopt and follow a uniform accounting manual.

**Note A – Summary of Significant Accounting Policies**

**1. Financial Reporting Entity**

This report includes only the internal school funds of Franklin Special School District. Internal school funds consist of financial resources accounted for at the individual schools.

**Internal School Funds**

Internal school funds reported in the accompanying financial statements include donations and grants made to the individual schools; fees collected by schools; funds received from the local board of education; funds raised through cooperative agreements; rental fees; and student activity funds.

**Student Activity Funds**

Student activity funds include all money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include, but are not limited to funds:

- Derived from a school-sponsored academic, art, athletic or social event involving students;
- Raised by school-sponsored clubs involving students;
- Raised by school-sponsored fundraisers involving students who are under the supervision of a school employee;
- Received from a commission for the direct sale of items to students pursuant to a cooperative agreement between the school and an outside organization;
- Received for the direct sale of items to students from a school-run bookstore located on school grounds;
- Raised from fees charged to students;
- Obtained from interest from any account that contains student activity funds;
- Obtained from any related school-sponsored activity that involves the use of school personnel, students, and property during the school day.

**2. Other Comprehensive Basis of Accounting (OCBOA)**

The accounting and financial reporting requirements for internal school funds are set forth in the *Tennessee Internal School Uniform Accounting Policy Manual*, issued by the Tennessee Department of Education. The requirements established in the *Tennessee Internal School Uniform Accounting Policy Manual* differ from generally accepted accounting principles primarily in the presentation of the financial statements and restricted fund revenue and expenditure accounting and reporting. The following is a summary of the basic requirements of this other comprehensive basis of accounting.

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Note A – Summary of Significant Accounting Policies – (Continued)**

**2. Other Comprehensive Basis of Accounting (OCBOA) – (Continued)**

The financial statements consist of balance sheets and statements of revenues, expenditures and changes in fund balances.

The combined financial statements present all of the individual schools in a columnar format and are required to be presented before the notes to the financial statements. These statements focus on each of the individual schools rather than the funds within the schools. In keeping with that focus, the columnar headings identify the individual schools rather than the funds.

The individual school financial statements present the detailed fund activity in each school and are included after the notes to the financial statements.

Revenues are classified by source and expenditures are classified by either function or object for the general fund but not the restricted fund. Revenues and expenditures of the restricted fund are recorded based on the specific group or activity which will benefit or expend the funds. The activity in the restricted “accounts” is presented as total revenues and transfers in and total expenditures and transfers out for each account. A corresponding “fund balance” is presented for each account. Although the restricted fund is a single fund, each account within the fund must present its portion of the restricted fund balance. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between the general fund and restricted fund.

**3. Measurement Focus and Basis of Accounting**

The accompanying financial statements are reported using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheets and the fund balances report only spendable resources. Internal school funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Management policies define available as collectible within 60 days after the fiscal year end. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

**4. Fund Structure**

The accounts of the individual schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of the fund’s assets, liabilities, fund equity, revenues and expenditures. The funds are grouped in the accompanying financial statements as follows:

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Note A – Summary of Significant Accounting Policies – (Continued)**

**5. Fund Structure – (Continued)**

**General Fund**

The general fund is used to account for all money to be used for the general operation of the school or for the welfare of the student body. Revenues and expenditures in this fund are not restricted to any specific group or activity.

**Restricted Fund**

The restricted fund is used to account for money that is restricted for the use of a specific segment of the school population or legally restricted for a specific purpose and not intended to benefit the general school population.

**6. Inventory**

Inventories are stated at lower of cost (first-in, first-out) or market (net realizable value). The purchases method is used to account for inventories. Under the purchases method, inventories are reported as an expenditure when purchased (or when received for donated items) rather than being capitalized as an asset. However, significant amounts of inventory, if any, on hand at year-end are reported as an asset in the financial statements.

In accordance with generally accepted accounting principles, the fair value of donated goods and supplies are recognized as revenues and expenditures in the financial statements. For the current year no significant amounts of such donations were received.

**7. Fund Balances**

**Nonspendable Fund Balance**

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory in the general fund.

**Restricted Fund Balance**

Fund balances reported as restricted in the accompanying financial statements are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes BEP (Basic Education Program) funds and grant funds.

When both restricted and unrestricted resources are available for us, it is the school system's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assigned Fund Balance**

Amounts that are constrained by each school's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements. This includes accounts reported in the restricted fund at each school, except for those that account for externally restricted resources as described above. Inventory amounts for restricted accounts are reflected as assigned

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Note A – Summary of Significant Accounting Policies – (Continued)**

**6. Fund Balances – (Continued)**

because the use of the proceeds from the sale of those inventories is assigned. Board of Education allocation amounts not spent by the end of the fiscal year are reflected as assigned in the general fund because the Board's intent is for those resources to be expended for instruction, administration, and/or operations and maintenance.

The Board of Education is authorized to assign amounts for specific purposes with respect to the amounts they allocate to the individual schools. The principal is the official authorized to assign all other amounts to a specific purpose. Authorization is established by the *Tennessee Internal School Uniform Accounting Policy Manual*.

**Unassigned Fund Balance**

In accordance with generally accepted accounting principles, the general fund is the only fund at each school that reports amounts for unassigned fund balance. This classification represents fund balance that is not restricted and has not been assigned to specific purposes within the general fund. When both assigned and unassigned resources are available for use, it is the school system's policy to use assigned resources first, then unassigned resources as they are needed.

The fund balance detail for Franklin Special School District is reflected in Table 1, located after Note F. Additional detail is provided on the individual school financial statements.

**Note B – Deposits**

**Cash Deposits**

Cash in bank represents funds on deposit in various depositories.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the school's deposits may not be returned to it. None of the school's deposits were exposed to custodial credit risk because all balances were entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee.

**Legal Provisions**

All deposits with financial institutions in excess of FDIC limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Note C- Capital Assets**

Capital assets acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for capital assets purchased pass automatically to the board of education.

**Note D- Supplementary Information**

All information contained in the section of this report under the table of contents heading of Supplementary information was subjected to the same audit standards as the combined and individual financial statements and was prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Policy Manual*, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

**Note E- Deficit Restricted Fund Balances**

One school ended the year with a deficit balance in a restricted fund. The school and restricted fund were as follows:

Freedom Middle School	Pencil Grant	\$(2)
	Cheerleaders	\$(18)

**Note F- Subsequent Events**

Subsequent events have been evaluated through October 14, 2014, the date which the financial statements were available to be issued.

**FRANKLIN SPECIAL SCHOOL DISTRICT - INTERNAL SCHOOL FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**(Table 1 - Fund Balance Detail)**

	<u>Franklin Elementary School</u>		<u>Freedom Intermediate School</u>		<u>Freedom Middle School</u>		<u>Johnson Elementary School</u>		<u>Liberty Elementary School</u>		<u>Moore Elementary School</u>		<u>Poplar Grove Elementary School</u>	
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>
<b>Fund Balances:</b>														
<b>Nonspendable:</b>														
Inventory	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,913	\$ -	\$ 2,732	\$ -	\$ 4,283	\$ -
<b>Restricted for:</b>														
Grant Funds	-	1	-	14	-	-	-	33	-	152	-	-	-	1,020
Other Purposes	-	-	-	3,929	-	-	-	-	-	1,500	-	50	-	-
<b>Assigned to:</b>														
Athletic Accounts	-	-	-	-	-	5,326	-	-	-	-	-	-	-	-
Class Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	358
Club Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Accounts	-	4,341	-	8,679	-	19,172	-	11,773	-	9,292	-	1,376	-	1,271
<b>Unassigned:</b>	<u>46,989</u>	<u>-</u>	<u>72,096</u>	<u>-</u>	<u>12,711</u>	<u>(20)</u>	<u>17,349</u>	<u>-</u>	<u>10,821</u>	<u>-</u>	<u>26,579</u>	<u>-</u>	<u>12,208</u>	<u>-</u>
<b>Total Fund Balances:</b>	<u>\$ 46,989</u>	<u>\$ 4,342</u>	<u>\$ 72,121</u>	<u>\$ 12,622</u>	<u>\$ 12,711</u>	<u>\$ 24,478</u>	<u>\$ 17,349</u>	<u>\$ 11,806</u>	<u>\$ 12,734</u>	<u>\$ 10,944</u>	<u>\$ 29,311</u>	<u>\$ 1,426</u>	<u>\$ 16,491</u>	<u>\$ 2,649</u>

	<u>Poplar Grove Middle School</u>	
	<u>General Fund</u>	<u>Restricted Fund</u>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	\$ 2,603	\$ -
<b>Restricted for:</b>		
Grant Funds	-	325
Other Purposes	-	-
<b>Assigned to:</b>		
Athletic Accounts	-	19,378
Class Accounts	-	180
Club Accounts	-	7,607
Other Accounts	-	6,079
<b>Unassigned:</b>	<u>10,696</u>	<u>-</u>
<b>Total Fund Balances:</b>	<u>\$ 13,299</u>	<u>\$ 33,569</u>

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**FRANKLIN ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**BALANCE SHEET - REGULATORY BASIS**  
**JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 46,905	\$ -	\$ 84	\$ -	\$ -	\$ 46,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,989	\$ 46,989	\$ 46,989
Restricted Fund															
Other Accounts:															
Donations - Elks Club	\$ -	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ 602	\$ -	\$ 602	\$ 602
PTO Staff Appreciation	-	587	-	-	-	-	587	-	-	-	-	587	-	587	587
St. Paul's Millennium Development Goal	-	1,083	-	-	-	-	1,083	-	-	-	-	1,083	-	1,083	1,083
Sunshine Fund	-	2,069	-	-	-	-	2,069	-	-	-	-	2,069	-	2,069	2,069
TEEA Grant	-	1	-	-	-	-	1	-	-	-	1	-	-	1	1
Total Restricted	\$ -	\$ 4,342	\$ -	\$ -	\$ -	\$ -	\$ 4,342	\$ -	\$ -	\$ -	\$ 1	\$ 4,341	\$ -	\$ 4,342	\$ 4,342
Total General and Restricted	\$ -	\$ 51,247	\$ -	\$ 84	\$ -	\$ -	\$ 51,331	\$ -	\$ -	\$ -	\$ 1	\$ 4,341	\$ 46,989	\$ 51,331	\$ 51,331

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**FRANKLIN ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 2,269					
Book Fair				734	-					
Book Orders				130	-					
Field Trips				14,279	13,192					
Fundraising				37,463	16,378					
Gifts, Bequests, Donations				1,653	-					
Instruction				-	12,606					
Interest				9	-					
Operations & Maintenance				-	2,462					
Pictures				910	-					
Recycling/Beautification				872	793					
Student Rewards				-	1,677					
Yearbook				2,246	2,009					
Total General	\$ 40,079	\$ -	\$ 40,079	\$ 58,296	\$ 51,386	\$ -	\$ -	\$ -	\$ -	\$ 46,989
Restricted Fund										
Other Accounts:										
Donations - Elks Club	\$ 602	\$ -	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602
PTO Staff Appreciation	375	-	375	1,090	878	-	-	-	-	587
St. Paul's Millennium Development Goal	1,083	-	1,083	-	-	-	-	-	-	1,083
Sunshine Fund	1,895	-	1,895	680	506	-	-	-	-	2,069
Teacher's Lounge Vending	249	-	249	411	660	-	-	-	-	-
TEEA Grant	1	-	1	-	-	-	-	-	-	1
Total Restricted	\$ 4,205	\$ -	\$ 4,205	\$ 2,181	\$ 2,044	\$ -	\$ -	\$ -	\$ -	\$ 4,342
Total General and Restricted	\$ 44,284	\$ -	\$ 44,284	\$ 60,477	\$ 53,430	\$ -	\$ -	\$ -	\$ -	\$ 51,331

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.



**FRANKLIN SPECIAL SCHOOL DISTRICT  
FREEDOM INTERMEDIATE SCHOOL - INTERNAL SCHOOL FUNDS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non-Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 72,096	\$ -	\$ -	\$ 25	\$ -	\$ 72,121	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ 72,096	\$ 72,121	\$ 72,121
Restricted Fund															
Other Accounts:															
Band	\$ -	\$ 2,823	\$ -	\$ -	\$ -	\$ -	\$ 2,823	\$ -	\$ -	\$ -	\$ -	\$ 2,823	\$ -	\$ 2,823	\$ 2,823
Champion T-Shirts	-	72	-	-	-	-	72	-	-	-	-	72	-	72	72
Chorus/Drama	-	3,163	-	-	-	-	3,163	-	-	-	-	3,163	-	3,163	3,163
Crew Team	-	369	-	-	-	-	369	-	-	-	-	369	-	369	369
Explorer T-Shirts	-	59	-	-	-	-	59	-	-	-	-	59	-	59	59
FIS Bulldog Council	-	579	-	-	-	-	579	-	-	-	-	579	-	579	579
Jump Rope Team	-	8	-	-	-	-	8	-	-	-	-	8	-	8	8
Library Donations	-	287	-	-	-	-	287	-	-	-	-	287	-	287	287
Scholarships	-	3,929	-	-	-	-	3,929	-	-	-	3,929	-	-	3,929	3,929
Sunshine Fund	-	587	-	-	-	-	587	-	-	-	-	587	-	587	587
Survivors T-Shirts	-	14	-	-	-	-	14	-	-	-	-	14	-	14	14
SWAT T-Shirts	-	577	-	-	-	-	577	-	-	-	-	577	-	577	577
Teacher Grant - Parker	-	14	-	-	-	-	14	-	-	-	14	-	-	14	14
Teacher Memorial Fund	-	141	-	-	-	-	141	-	-	-	-	141	-	141	141
Total Restricted	\$ -	\$ 12,622	\$ -	\$ -	\$ -	\$ -	\$ 12,622	\$ -	\$ -	\$ -	\$ 3,943	\$ 8,679	\$ -	\$ 12,622	\$ 12,622
Total General and Restricted	\$ -	\$ 84,718	\$ -	\$ -	\$ 25	\$ -	\$ 84,743	\$ -	\$ -	\$ 25	\$ 3,943	\$ 8,679	\$ 72,096	\$ 84,743	\$ 84,743

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**FREEDOM INTERMEDIATE SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 372					
Book Fair				9,066	9,045					
Destination Imagination				6,095	-					
Field Trips				37,417	34,788					
Fines & Fees				550	-					
Fundraising				64,446	30,696					
Gifts, Bequests, Donations				829	-					
Instruction				-	36,240					
Interest				114	-					
Library				667	645					
Marine Lab				47,791	47,772					
Operation and Maintenance				-	190					
Pictures				1,113	-					
Student Workbooks				1,530	-					
Yearbook				4,178	3,943					
Total General	\$ 62,277	\$ -	\$ 62,277	\$ 173,796	\$ 163,691	\$ -	\$ -	\$ (261)	\$ -	\$ 72,121
Restricted Fund										
Other Accounts:										
Band	\$ -	\$ -	\$ -	\$ 6,074	\$ 3,251	\$ -	\$ -	\$ -	\$ -	\$ 2,823
Champion T-Shirts	7	-	7	727	662	-	-	-	-	72
Chorus/Drama	3,056	-	3,056	11,506	11,399	-	-	-	-	3,163
Crew Team	268	-	268	612	511	-	-	-	-	369
CSI Team	16	-	16	816	832	-	-	-	-	-
Drama - Green	22	-	22	-	22	-	-	-	-	-
Explorer T-Shirts	57	-	57	754	752	-	-	-	-	59
FIS Bulldog Council	682	-	682	2,204	2,307	-	-	-	-	579
Jump Rope Team	8	-	8	-	-	-	-	-	-	8

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**FREEDOM INTERMEDIATE SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
Library Donations	287	-	287	-	-	-	-	-	-	287
Scholarships	3,929	-	3,929	-	-	-	-	-	-	3,929
Sunshine Fund	3	-	3	1,009	425	-	-	-	-	587
Survivors T-Shirts	83	-	83	1,076	1,145	-	-	-	-	14
SWAT T-Shirts	412	-	412	952	787	-	-	-	-	577
Teacher Grant - Parker	14	-	14	700	700	-	-	-	-	14
Teacher Memorial Fund	141	-	141	-	-	-	-	-	-	141
Total Restricted	\$ 8,985	\$ -	\$ 8,985	\$ 26,430	\$ 22,793	\$ -	\$ -	\$ -	\$ -	\$ 12,622
Total General and Restricted	\$ 71,262	\$ -	\$ 71,262	\$ 200,226	\$ 186,484	\$ -	\$ -	\$ (261)	\$ -	\$ 84,743

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
FREEDOM MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 12,711	\$ -	\$ -	\$ -	\$ -	\$ 12,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,711	\$ 12,711	\$ 12,711
Restricted Fund															
Athletic Accounts:															
Athletics	\$ -	\$ 5,326	\$ -	\$ -	\$ -	\$ -	\$ 5,326	\$ -	\$ -	\$ -	\$ -	\$ 5,326	\$ -	\$ 5,326	\$ 5,326
Cheerleaders	-	(18)	-	-	-	-	(18)	-	-	-	-	-	(18)	(18)	(18)
Other Accounts:															
Band	-	6,997	-	-	-	-	6,997	-	-	-	-	6,997	-	6,997	6,997
Chorus	-	2,090	-	-	-	-	2,090	-	-	-	-	2,090	-	2,090	2,090
Drama	-	1,088	-	-	-	-	1,088	-	-	-	-	1,088	-	1,088	1,088
Freedom Families	-	863	-	-	-	-	863	-	-	-	-	863	-	863	863
NJHS	-	1,355	-	-	-	-	1,355	-	-	-	-	1,355	-	1,355	1,355
Outdoor Environmental Club	-	65	-	-	-	-	65	-	-	-	-	65	-	65	65
Pencil Grant	-	(2)	-	-	-	-	(2)	-	-	-	-	-	(2)	(2)	(2)
Student Council	-	6,081	-	-	-	-	6,081	-	-	-	-	6,081	-	6,081	6,081
Sunshine Fund	-	105	-	-	-	-	105	-	-	-	-	105	-	105	105
Teacher's Lounge Vending	-	528	-	-	-	-	528	-	-	-	-	528	-	528	528
Total Restricted	\$ -	\$ 24,478	\$ -	\$ -	\$ -	\$ -	\$ 24,478	\$ -	\$ -	\$ -	\$ -	\$ 24,498	\$ (20)	\$ 24,478	\$ 24,478
Total General and Restricted	\$ -	\$ 37,189	\$ -	\$ -	\$ -	\$ -	\$ 37,189	\$ -	\$ -	\$ -	\$ -	\$ 24,498	\$ 12,691	\$ 37,189	\$ 37,189

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
FREEDOM MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 5,539					
Field Trips				164	370					
Fundraising				32,088	11,911					
Gifts, Bequests, Donations				826	-					
Instruction				3,046	9,244					
Interest				57	-					
Library				1,667	-					
Operations & Maintenance				-	361					
PE Uniforms				6,773	7,803					
Pictures				359	-					
Student Rewards				-	3,489					
Yearbook				11,674	11,977					
Total General	\$ 6,751	\$ -	\$ 6,751	\$ 56,654	\$ 50,694	\$ -	\$ -	\$ -	\$ -	\$ 12,711
Restricted Fund										
Athletic Accounts:										
Athletics	\$ 10,617	\$ -	\$ 10,617	\$ 51,644	\$ 56,935	\$ -	\$ -	\$ -	\$ -	\$ 5,326
Cheerleaders	626	-	626	-	644	-	-	-	-	(18)
Other Accounts:										
Band	2,316	-	2,316	19,102	14,421	-	-	-	-	6,997
Chorus	3,845	-	3,845	5,694	7,449	-	-	-	-	2,090
Drama	738	-	738	8,598	8,248	-	-	-	-	1,088
Freedom Families	883	-	883	-	20	-	-	-	-	863
NJHS	1,889	-	1,889	656	1,190	-	-	-	-	1,355
Outdoor Environmental Club	140	-	140	100	175	-	-	-	-	65
Pencil Grant	(2)	-	(2)	-	-	-	-	-	-	(2)
Student Council	7,031	-	7,031	3,324	4,274	-	-	-	-	6,081

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
FREEDOM MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
Sunshine Fund	361	-	361	1,467	1,723	-	-	-	-	105
Teacher's Lounge Vending	242	-	242	1,418	1,132	-	-	-	-	528
Total Restricted	<u>\$ 28,686</u>	<u>\$ -</u>	<u>\$ 28,686</u>	<u>\$ 92,003</u>	<u>\$ 96,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,478</u>
Total General and Restricted	<u><u>\$ 35,437</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,437</u></u>	<u><u>\$ 148,657</u></u>	<u><u>\$ 146,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,189</u></u>

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
JOHNSON ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 17,288	\$ -	\$ 61	\$ -	\$ -	\$ 17,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,349	\$ 17,349	\$ 17,349
Restricted Fund															
Other Accounts:															
Art Grant	\$ -	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ -	\$ 33	\$ 33
JES Midway-Tutoring Program	-	8,632	-	-	-	-	8,632	-	-	-	-	8,632	-	8,632	8,632
PE-Walk Across Williamson	-	2,500	-	-	-	-	2,500	-	-	-	-	2,500	-	2,500	2,500
Sunshine Fund	-	449	-	-	-	-	449	-	-	-	-	449	-	449	449
Teacher Appreciation	-	192	-	-	-	-	192	-	-	-	-	192	-	192	192
Total Restricted	\$ -	\$ 11,806	\$ -	\$ -	\$ -	\$ -	\$ 11,806	\$ -	\$ -	\$ -	\$ 33	\$ 11,773	\$ -	\$ 11,806	\$ 11,806
Total General and Restricted	\$ -	\$ 29,094	\$ -	\$ 61	\$ -	\$ -	\$ 29,155	\$ -	\$ -	\$ -	\$ 33	\$ 11,773	\$ 17,349	\$ 29,155	\$ 29,155

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**JOHNSON ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 1,555					
Book Fair				6,037	6,052					
Field Trips				17,122	17,595					
Fundraising - PTO Activities				18,924	16,973					
Gifts, Bequests, Donations				7,489	-					
Instruction				-	5,042					
Interest				31	-					
Library				343	223					
Memory Books				2,614	2,160					
Operations & Maintenance				-	2,456					
Pictures				708	-					
T-Shirts				1,776	1,617					
Total General	\$ 15,978	\$ -	\$ 15,978	\$ 55,044	\$ 53,673	\$ -	\$ -	\$ -	\$ -	\$ 17,349
Restricted Fund										
Other Accounts:										
Art Grant	\$ 33	\$ -	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33
JES Midway-Tutoring Program	5,305	-	5,305	5,026	1,699	-	-	-	-	8,632
PE-Walk Across Williamson	800	-	800	2,500	800	-	-	-	-	2,500
Sunshine Fund	513	-	513	595	659	-	-	-	-	449
Teacher Appreciation	379	-	379	977	1,164	-	-	-	-	192
Teacher's Lounge Vending	290	-	290	78	368	-	-	-	-	-
Total Restricted	\$ 7,320	\$ -	\$ 7,320	\$ 9,176	\$ 4,690	\$ -	\$ -	\$ -	\$ -	\$ 11,806
Total General and Restricted	\$ 23,298	\$ -	\$ 23,298	\$ 64,220	\$ 58,363	\$ -	\$ -	\$ -	\$ -	\$ 29,155

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.



**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**LIBERTY ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**BALANCE SHEET - REGULATORY BASIS**  
**JUNE 30, 2014**

	ASSETS						LIABILITIES AND FUND BALANCES								
							LIABILITIES		FUND BALANCES						
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 10,821	\$ -	\$ -	\$ 1,913	\$ -	\$ 12,734	\$ -	\$ -	\$ 1,913	\$ -	\$ -	\$ 10,821	\$ 12,734	\$ 12,734
Restricted Fund															
Other Accounts:															
Art Grant	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 7	\$ 7
D. Williams CHS Project	-	3	-	-	-	-	3	-	-	-	-	3	-	3	3
Drama/Music Funds	-	3,544	-	-	-	-	3,544	-	-	-	-	3,544	-	3,544	3,544
Elks Club Donation	-	4	-	-	-	-	4	-	-	-	-	4	-	4	4
Field Trip Safety Shirts	-	5,476	-	-	-	-	5,476	-	-	-	-	5,476	-	5,476	5,476
Skate P.M./Dest. Imag.	-	9	-	-	-	-	9	-	-	-	-	9	-	9	9
Sunshine Fund	-	256	-	-	-	-	256	-	-	-	-	256	-	256	256
Teacher Lounge Renovation	-	1,500	-	-	-	-	1,500	-	-	-	1,500	-	-	1,500	1,500
WLES Grant	-	145	-	-	-	-	145	-	-	-	145	-	-	145	145
Total Restricted	\$ -	\$ 10,944	\$ -	\$ -	\$ -	\$ -	\$ 10,944	\$ -	\$ -	\$ -	\$ 1,652	\$ 9,292	\$ -	\$ 10,944	\$ 10,944
Total General and Restricted	\$ -	\$ 21,765	\$ -	\$ -	\$ 1,913	\$ -	\$ 23,678	\$ -	\$ -	\$ 1,913	\$ 1,652	\$ 9,292	\$ 10,821	\$ 23,678	\$ 23,678

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**LIBERTY ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	<u>Other Financing Sources (Uses)</u>		Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
						Transfers In	Transfers Out			
General Fund										
Administration				\$ -	\$ 1,923					
Bookstore				12,793	11,596					
Field Trips				16,357	16,274					
Fundraising				30,259	13,438					
Gifts, Bequests, Donations				2,599	-					
Instruction				2,517	18,886					
Library				335	1,547					
Operations & Maintenance				-	61					
Pictures				6,544	-					
Recycling				114	233					
Student Rewards				-	518					
Technology				-	13,669					
Total General	\$ 20,563	\$ -	\$ 20,563	\$ 71,518	\$ 78,145	\$ -	\$ -	\$ (1,202)	\$ -	\$ 12,734
Restricted Fund										
Other Accounts:										
Art Grant	\$ 7	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7
D. Williams CHS Project	3	-	3	-	-	-	-	-	-	3
Drama/Music Funds	3,638	-	3,638	2,676	2,770	-	-	-	-	3,544
Elks Club Donation	1,100	-	1,100	-	1,096	-	-	-	-	4
Field Trip Safety Shirts	803	-	803	7,494	2,821	-	-	-	-	5,476
Skate P.M./Dest. Imag.	106	-	106	263	360	-	-	-	-	9
Sunshine Fund	313	-	313	1,375	1,432	-	-	-	-	256
Teacher Lounge Renovation	-	-	-	1,500	-	-	-	-	-	1,500
WLES Grant	145	-	145	-	-	-	-	-	-	145

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**LIBERTY ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	<u>Other Financing Sources (Uses)</u>		Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
						Transfers In	Transfers Out			
Total Restricted	\$ 6,115	\$ -	\$ 6,115	\$ 13,308	\$ 8,479	\$ -	\$ -	\$ -	\$ -	\$ 10,944
Total General and Restricted	<u>\$ 26,678</u>	<u>\$ -</u>	<u>\$ 26,678</u>	<u>\$ 84,826</u>	<u>\$ 86,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,202)</u>	<u>\$ -</u>	<u>\$ 23,678</u>

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
MOORE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non-Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 26,429	\$ -	\$ 150	\$ 2,732	\$ -	\$ 29,311	\$ -	\$ -	\$ 2,732	\$ -	\$ -	\$ 26,579	\$ 29,311	\$ 29,311
Restricted Fund															
Other Accounts:															
Cleveland - Donation - Instructional	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 50	\$ 50
Teacher Activity	-	22	-	-	-	-	22	-	-	-	-	22	-	22	22
Teacher Appreciation	-	588	-	-	-	-	588	-	-	-	-	588	-	588	588
Teacher's Lounge Vending	-	766	-	-	-	-	766	-	-	-	-	766	-	766	766
Total Restricted	\$ -	\$ 1,426	\$ -	\$ -	\$ -	\$ -	\$ 1,426	\$ -	\$ -	\$ -	\$ 50	\$ 1,376	\$ -	\$ 1,426	\$ 1,426
Total General and Restricted	\$ -	\$ 27,855	\$ -	\$ 150	\$ 2,732	\$ -	\$ 30,737	\$ -	\$ -	\$ 2,732	\$ 50	\$ 1,376	\$ 26,579	\$ 30,737	\$ 30,737

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**MOORE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 313					
Bookstore				668	665					
Book Fair				10,692	10,692					
Field Trips				20,030	19,038					
Fines, Fees, Etc.				571	-					
Fundraising				84,133	33,543					
Gifts, Bequests, Donations				4,576	-					
Instruction				-	55,604					
Interest				40	-					
Operations & Maintenance				-	190					
Pictures				7,832	-					
Student Supply Packs				8,524	8,434					
T-Shirts & Other Resale				3,756	3,893					
Yearbook				4,833	4,545					
Total General	\$ 20,748	\$ -	\$ 20,748	\$ 145,655	\$ 136,917	\$ -	\$ -	\$ (175)	\$ -	\$ 29,311
Restricted Fund										
Other Accounts:										
Cleveland - Donation - Instructional	\$ 50	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Dollar General Literacy Grant	-	-	-	1,798	1,798	-	-	-	-	-
Teacher Activity	73	-	73	1,570	1,621	-	-	-	-	22
Teacher Appreciation	517	-	517	2,333	2,262	-	-	-	-	588
Teacher's Lounge Vending	553	-	553	316	103	-	-	-	-	766
Target "Take Charge of Education"	-	-	-	425	425	-	-	-	-	-
Total Restricted	\$ 1,193	\$ -	\$ 1,193	\$ 6,442	\$ 6,209	\$ -	\$ -	\$ -	\$ -	\$ 1,426
Total General and Restricted	\$ 21,941	\$ -	\$ 21,941	\$ 152,097	\$ 143,126	\$ -	\$ -	\$ (175)	\$ -	\$ 30,737

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
POPLAR GROVE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 12,208	\$ -	\$ -	\$ 4,283	\$ -	\$ 16,491	\$ -	\$ -	\$ 4,283	\$ -	\$ -	\$ 12,208	\$ 16,491	\$ 16,491
Restricted Fund															
Class Accounts:															
3rd Grade Class	\$ -	\$ 274	\$ -	\$ -	\$ -	\$ -	\$ 274	\$ -	\$ -	\$ -	\$ -	\$ 274	\$ -	\$ 274	\$ 274
Kindergarten Class	-	84	-	-	-	-	84	-	-	-	-	84	-	84	84
Other Accounts:															
ExxonMobil Educational Grant	-	1,020	-	-	-	-	1,020	-	-	-	1,020	-	-	1,020	1,020
PGES Moral Committee	-	1,018	-	-	-	-	1,018	-	-	-	-	1,018	-	1,018	1,018
Staff Apreciation	-	22	-	-	-	-	22	-	-	-	-	22	-	22	22
Teacher's Lounge Vending	-	231	-	-	-	-	231	-	-	-	-	231	-	231	231
Total Restricted	\$ -	\$ 2,649	\$ -	\$ -	\$ -	\$ -	\$ 2,649	\$ -	\$ -	\$ -	\$ 1,020	\$ 1,629	\$ -	\$ 2,649	\$ 2,649
Total General and Restricted	\$ -	\$ 14,857	\$ -	\$ -	\$ 4,283	\$ -	\$ 19,140	\$ -	\$ -	\$ 4,283	\$ 1,020	\$ 1,629	\$ 12,208	\$ 19,140	\$ 19,140

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**POPLAR GROVE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Administration				\$ -	\$ 375					
Book Fair				8,513	7,179					
Field Trips				14,692	15,786					
Fundraising				40,777	27,347					
Gifts, Bequests, Donations				6,295	-					
Instruction				-	14,488					
Interest				29	-					
Library				261	2,128					
Operations & Maintenance				-	30					
Pictures				3,850	-					
Yearbook				2,526	2,526					
Total General	\$ 12,992	\$ -	\$ 12,992	\$ 76,943	\$ 69,859	\$ -	\$ -	\$ 2,289	\$ (5,874)	\$ 16,491
Restricted Fund										
Athletic Accounts:										
Athletics	\$ 4,583	\$ -	\$ 4,583	\$ 4,456	\$ 2,634	\$ -	\$ -	\$ -	\$ (6,405)	\$ -
Cheerleading	3,227	-	3,227	13,466	246	-	-	-	(16,447)	-
Class Accounts:										
3rd Grade Class	-	-	-	2,318	2,044	-	-	-	-	274
6th Grade Class	116	-	116	-	-	-	-	-	(116)	-
Eric Ellison Class	64	-	64	-	-	-	-	-	(64)	-
Kindergarten Class	165	-	165	553	634	-	-	-	-	84
Club Accounts:										
Beta Club	254	-	254	-	-	-	-	-	(254)	-
Drama Club	7,317	-	7,317	-	-	-	-	-	(7,317)	-
Middle School Art Club	8	-	8	-	-	-	-	-	(8)	-
Other Accounts:										
ExxonMobil Educational Grant	1,000	-	1,000	500	480	-	-	-	-	1,020

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**POPLAR GROVE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
Farm Bureau Grant - Outdoor Garden	275	-	275	-	-	-	-	-	(275)	-
Grant - Language Arts	50	-	50	-	-	-	-	-	(50)	-
Green Team	2,443	-	2,443	-	-	-	-	-	(2,443)	-
Music	3,145	-	3,145	-	195	-	-	-	(2,950)	-
PGES Moral Committee	-	-	-	2,416	2,657	1,259	-	-	-	1,018
Staff Appreciation	40	-	40	1,824	1,822	-	-	-	(20)	22
Student Council	490	-	490	-	-	-	-	-	(490)	-
Sunshine Fund	2,518	-	2,518	-	-	-	1,259	-	(1,259)	-
Teacher's Lounge Vending	282	-	282	1,220	1,130	-	-	-	(141)	231
Total Restricted	<u>\$ 25,977</u>	<u>\$ -</u>	<u>\$ 25,977</u>	<u>\$ 26,753</u>	<u>\$ 11,842</u>	<u>\$ 1,259</u>	<u>\$ 1,259</u>	<u>\$ -</u>	<u>\$ (38,239)</u>	<u>\$ 2,649</u>
Total General and Restricted	<u><u>\$ 38,969</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,969</u></u>	<u><u>\$ 103,696</u></u>	<u><u>\$ 81,701</u></u>	<u><u>\$ 1,259</u></u>	<u><u>\$ 1,259</u></u>	<u><u>\$ 2,289</u></u>	<u><u>\$ (44,113)</u></u>	<u><u>\$ 19,140</u></u>

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.



**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**POPLAR GROVE MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS**  
**BALANCE SHEET - REGULATORY BASIS**  
**JUNE 30, 2014**

	ASSETS							LIABILITIES AND FUND BALANCES							
								LIABILITIES		FUND BALANCES					
	Cash on Hand	Cash in Bank - Checking	Cash in Bank - Savings	Accounts Receivable	Inventory	Other Assets	Total Assets	Accounts Payable	Total Liabilities	Non- Spendable	Restricted	Assigned	Unassigned	Total Fund Balances	Total Liabilities and Fund Balances
General Fund	\$ -	\$ 10,585	\$ -	\$ 111	\$ 2,603	\$ -	\$ 13,299	\$ -	\$ -	\$ 2,603	\$ -	\$ -	\$ 10,696	\$ 13,299	\$ 13,299
Restricted Fund															
Athletic Accounts:															
Athletics	\$ -	\$ 3,987	\$ -	\$ -	\$ -	\$ -	\$ 3,987	\$ -	\$ -	\$ -	\$ -	\$ 3,987	\$ -	\$ 3,987	\$ 3,987
Cheerleading	-	15,391	-	-	-	-	15,391	-	-	-	-	15,391	-	15,391	15,391
Class Accounts:															
6th Grade Class	-	116	-	-	-	-	116	-	-	-	-	116	-	116	116
Eric Ellison Class	-	64	-	-	-	-	64	-	-	-	-	64	-	64	64
Club Accounts:															
Beta Club	-	329	-	-	-	-	329	-	-	-	-	329	-	329	329
Drama Club	-	7,270	-	-	-	-	7,270	-	-	-	-	7,270	-	7,270	7,270
Middle School Art Club	-	8	-	-	-	-	8	-	-	-	-	8	-	8	8
Other Accounts:															
Farm Bureau Grant - Outdoor Garden	-	275	-	-	-	-	275	-	-	-	275	-	-	275	275
Grant - Language Arts	-	50	-	-	-	-	50	-	-	-	50	-	-	50	50
Green Team	-	2,569	-	-	-	-	2,569	-	-	-	-	2,569	-	2,569	2,569
Music	-	1,286	-	-	-	-	1,286	-	-	-	-	1,286	-	1,286	1,286
Staff Apreciation	-	20	-	-	-	-	20	-	-	-	-	20	-	20	20
Student Council	-	175	-	-	-	-	175	-	-	-	-	175	-	175	175
Sunshine Fund	-	1,557	-	-	-	-	1,557	-	-	-	-	1,557	-	1,557	1,557
Teacher's Lounge Vending	-	472	-	-	-	-	472	-	-	-	-	472	-	472	472
Total Restricted	\$ -	\$ 33,569	\$ -	\$ -	\$ -	\$ -	\$ 33,569	\$ -	\$ -	\$ -	\$ 325	\$ 33,244	\$ -	\$ 33,569	\$ 33,569
Total General and Restricted	\$ -	\$ 44,154	\$ -	\$ 111	\$ 2,603	\$ -	\$ 46,868	\$ -	\$ -	\$ 2,603	\$ 325	\$ 33,244	\$ 10,696	\$ 46,868	\$ 46,868

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**POPLAR GROVE MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
General Fund										
Assemblies and Programs				\$ -	\$ 305					
Book Fair				5,389	-					
Field Trips				21,053	20,860					
Fundraising				19,850	11,453					
Gifts, Bequests, Donations				2,500	-					
Instruction				-	14,797					
Interest				24	-					
Library				728	1,704					
Pictures				3,150	-					
Yearbook				6,738	5,491					
Total General	\$ -	\$ -	\$ -	\$ 59,432	\$ 54,610	\$ -	\$ -	\$ 2,603	\$ 5,874	\$ 13,299
Restricted Fund										
Athletic Accounts:										
Athletics	\$ -	\$ -	\$ -	\$ 20,895	\$ 21,695	\$ -	\$ 1,618	\$ -	\$ 6,405	\$ 3,987
Cheerleading	-	-	-	39,953	42,627	1,618	-	-	16,447	15,391
Class Accounts:										
6th Grade Class	-	-	-	-	-	-	-	-	116	116
Eric Ellison Class	-	-	-	-	-	-	-	-	64	64
Club Accounts:										
Beta Club	-	-	-	840	765	-	-	-	254	329
Drama Club	-	-	-	7,899	7,946	-	-	-	7,317	7,270
Middle School Art Club	-	-	-	-	-	-	-	-	8	8
Other Accounts:										
Farm Bureau Grant - Outdoor Garden	-	-	-	-	-	-	-	-	275	275
Grant - Language Arts	-	-	-	-	-	-	-	-	50	50
Green Team	-	-	-	1,522	1,396	-	-	-	2,443	2,569
Music	-	-	-	12,062	13,726	-	-	-	2,950	1,286

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT**  
**POPLAR GROVE MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances 7/1/2013	Prior Period Adjustments	Adjusted Fund Balances 7/1/2013	Revenues	Expenditures	Transfers In	Transfers Out	Change Increase (Decrease) in Inventory	Residual Equity Transfer In (Out)	Fund Balances 6/30/2014
Staff Appreciation	-	-	-	-	-	-	-	-	20	20
Student Council	-	-	-	2,452	2,767	-	-	-	490	175
Sunshine Fund	-	-	-	931	633	-	-	-	1,259	1,557
Teacher's Lounge Vending	-	-	-	331	-	-	-	-	141	472
Total Restricted	\$ -	\$ -	\$ -	\$ 86,885	\$ 91,555	\$ 1,618	\$ 1,618	\$ -	\$ 38,239	\$ 33,569
Total General and Restricted	\$ -	\$ -	\$ -	\$ 146,317	\$ 146,165	\$ 1,618	\$ 1,618	\$ 2,603	\$ 44,113	\$ 46,868

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Education and  
the Director of Schools  
Franklin Special School District  
Franklin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined and individual financial statements of the Internal School Funds of the Franklin Special School District; Franklin, Tennessee as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Franklin Special School District Internal School Funds' basic financial statements and have issued our report thereon dated October 14, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Franklin Special School District Internal School Funds' internal control over financial reporting (Internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the combined and individual financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Special School District Internal School Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin Special School District Internal School Funds' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. The following schools had significant deficiencies identified as of June 30, 2014:

Johnson Elementary (SD-14-01)  
Liberty Elementary (SD-14-02)

Freedom Middle (SD-14-01, SD-14-02)

As it relates to significant deficiencies which occurred in the prior fiscal year, the following schools had significant deficiencies that remained unresolved as of June 30, 2014:

Freedom Middle (SD-13-01, SD-13-02)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Franklin Special School District Internal School Fund's combined and individual financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Franklin Special School District Internal School Funds, in a separate letter dated October 14, 2014.

**Franklin Special School District's Response to Findings**

Franklin Special School District Internal School Fund's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Franklin Special School District Internal School Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Matlock Clements, P.C." in a cursive style.

Matlock Clements, P.C.  
October 14, 2014

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Auditor's Results**

**Financial Statements**

- |   |             |
|---|-------------|
| 1. Type of auditor's report issued:   | Unqualified |
| 2. Internal control over financial reporting  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant Deficiencies identified that are not considered to be material weaknesses? | Yes         |
| 3. Noncompliance material to financial statements noted                                   | No          |

**Financial Statement Findings – Required to be reported in Accordance With Government Auditing Standards.**

**Significant Deficiencies – Current Year  
(SD-14-01)**

Deficiencies in Purchasing/Disbursements Cycle

It was noted during the fieldwork that purchases were made without adequate supporting documentation at Freedom Middle School and Johnson Elementary School.

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 5; Title 3, the bookkeeper should require and obtain supporting documentation before disbursing any school money. It is recommended that policies and procedures be put in place to ensure that school funds are not disbursed until adequate supporting documentation has been obtained.

Management Response

**FMS**

The FMS principal will continue to meticulously inspect all supporting documentation before purchases are made. Some pieces that were not available at the time of the audit have now been secured and sent to the auditor.

**JES**

Disbursement referenced (check #1944) was to the American Heart Association to send consolidated check for cash payments received during the Jump Rope for Heart event sponsored by JES PE teachers Alice Starkweather and Bethany Kokoski. Mailing cash and coin was not allowed or recommended by the American Heart Association. All supporting documentation was attached to the collection log for the event and was not seen on the day of the audit. In addition, the American Heart Association did not send a proper receipt for funds sent to them from JES. In the future, copies of all supporting documentation for this event will be held in duplicate with both the collection log and also with the check documentation. In addition, the bookkeeper will contact the American Heart Association to request a proper receipt after funds that have been collected and consolidated have been sent to their office.

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**(SD-14-02)**

Deficiencies in Purchasing/Disbursements Cycle

It was noted during the fieldwork that sales tax was not paid on the purchase of items for resale at Liberty Elementary and Freedom Middle School.

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 4; Title 8 and Section 67-6-102, *TCA*, sales tax should be paid on the purchase price of all resale items except for school books and school lunches. When sales tax is not paid to the vendor, the school is liable for use tax on the purchase price. It is recommended that policies and procedures be put in place to ensure that sales tax is paid on the purchase price of all resale items except for the exceptions indicated above.

Management Response

**FMS**

The FMS principal will make every teacher aware, again, that items purchased for resale must be originally purchased with sales tax.

**LES**

Items in question were purchased from Sam's Club for a school event. It was an oversight as the Sam's Club account is set up as tax deductible. We will make sure sales tax is added to items purchased for resale in the future.

**Significant Deficiencies – Prior Year  
(SD-13-01)**

Deficiencies in Purchasing/Disbursements Cycle

It was noted during the fieldwork that purchases were made without adequate supporting documentation at Freedom Middle School.

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 5; Title 3, the bookkeeper should require and obtain supporting documentation before disbursing any school money. It is recommended that policies and procedures be put in place to ensure that school funds are not disbursed until adequate supporting documentation has been obtained.

Management Response

Freedom Middle School will provide a purchase order request signed by the bookkeeper for each purchase.

Current Year Status

This issue remains uncorrected for this school during the current year.



**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**(SD-13-01) – (Continued)**

Current Year Management Response

The FMS principal will continue to meticulously inspect all supporting documentation before purchases are made. Some pieces that were not available at the time of the audit have now been secured and sent to the auditor.

**(SD-13-02)**

Deficiencies in Purchasing/Disbursements Cycle

It was noted during the fieldwork that sales tax was not paid on the purchase of items for resale at Johnson Elementary and Freedom Middle School.

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 4; Title 8 and Section 67-6-102, TCA, sales tax should be paid on the purchase price of all resale items except for school books and school lunches. When sales tax is not paid to the vendor, the school is liable for use tax on the purchase price. It is recommended that policies and procedures be put in place to ensure that sales tax is paid on the purchase price of all resale items except for the exceptions indicated above.

Management Response

In regards to Johnson Elementary School, the resale item was ordered and distributed by the PTO from a vendor that was also providing products that were NOT for resale at the same time. The vendor mistakenly did not charge sales tax on all items in that order which included items that were for resale due to a misunderstanding. In order to prevent this from happening again in the future, we met with the PTO president to review this important policy and require that they turn in vendor information to the school prior to placing any orders of items for resale. The school will then verify with the vendor that the items for resale must be charged sales tax. In addition, a reminder from the school's bookkeeper went to all PTO chairs for any events including resale items that sales tax must be charged. The school bookkeeper will also correspond with any vendors to be sure that sales tax is charged appropriately in the future. A secondary check by the school bookkeeper will be completed that sales tax was charged before a check to the vendor is sent. And Freedom Middle School will file a Sales and Use Tax Form monthly and pay as required. They were unaware of the one situation in which sales tax was owed and have now paid it.

Current Year Status

This issue was corrected during the current year for Johnson Elementary, however this issue remains uncorrected for Freedom Middle School.

Current Year Management Response

The FMS principal will make every teacher aware, again, that items purchased for resale must be originally purchased with sales tax.

**(SD-13-03)**

Deficiencies in Fundraising Activities

It was noted during the fieldwork that fundraisers had been conducted without the appropriate authorization at Moore Elementary School and Freedom Middle School.

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**(SD-13-03) – (Continued)**

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 4; Title 8, fundraising activities must have written approval from the principal. Authorization should include the following information: a list of proposed activities, purpose of fundraising activity, proposed uses of funds raised, and expected student involvement in fundraising activity. It is recommended that policies and procedures be put in place to ensure that the appropriate steps are being taken prior to a fundraiser being conducted.

Management Response

Moore Elementary School received approval for their Sonic Card fundraiser in July 2012. In the February 2013 MES Advisory Council meeting, the committee voted to change the fundraiser. The bookkeeper simply failed to send over a request to central office for the approval of the change. They take full responsibility for the oversight. And at Freedom Middle School no fundraising activity will be held without written authorization of the Director of Schools.

Current Year Status

This issue was corrected during the current year for these schools.

**(SD-13-04)**

Deficiencies in Purchasing/Disbursements Cycle

It was noted during the fieldwork that checks cleared the bank without two signatures at Freedom Middle School.

Recommendation

According to the *Tennessee Internal School Uniform Accounting Policy Manual*, Section 6; Title 3, two signatures are required for all checks. It is recommended that policies and procedures be put in place to ensure that all checks properly contain two signatures.

Management Response

No checks will be issued without two signatures.

Current Year Status

This issue was corrected during the current year at this school.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
POPLAR GROVE ELEMENTARY SCHOOL - INTERNAL SCHOOL FUNDS  
SCHEDULE OF INTERFUND AND INTERACCOUNT TRANSFERS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>TRANSFER TO</u>	<u>TRANSFER FROM</u>	
	<u>Sunshine Fund</u>	<u>Total</u>
PGES Moral Committee	<u>\$ 1,259</u>	<u>\$ 1,259</u>
Total	<u><u>\$ 1,259</u></u>	<u><u>\$ 1,259</u></u>

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT  
POPLAR GROVE MIDDLE SCHOOL - INTERNAL SCHOOL FUNDS  
SCHEDULE OF INTERFUND AND INTERACCOUNT TRANSFERS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>TRANSFER TO</u>	<u>TRANSFER FROM</u>	
	<u>Athletics</u>	<u>Total</u>
Cheerleading	<u>\$ 1,618</u>	<u>\$ 1,618</u>
Total	<u><u>\$ 1,618</u></u>	<u><u>\$ 1,618</u></u>

The notes to the financial statements are an integral part of this statement.

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT - INTERNAL SCHOOL FUNDS**  
**SCHEDULE OF SALARY SUPPLEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>School</u>	<u>Amount</u>	<u>Source of Funds</u>	<u>Board Approved?</u>	<u>Proper Withholding?</u>
<u>Poplar Grove Middle School</u>				
Dewayne Reecer	\$ 102	Athletics	Yes	Yes
Elaine Bailey-Fryd	<u>128</u>	Music	Yes	Yes
<b>Total</b>	<u><u>\$ 230</u></u>			

**FRANKLIN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
SCHEDULE OF FIDELITY BOND COVERAGE  
JUNE 30, 2014**

**Commercial Crime Coverage**

Type of Coverage:	Employee Theft
Insurer:	Curneal & Hignite Insurance Agency
Amount of Coverage:	\$100,000
Policy Term:	7/1/13 – 6/30/14
Type of Coverage:	Forgery or Alteration
Insurer:	Curneal & Hignite Insurance Agency
Amount of Coverage:	\$100,000
Policy Term:	7/1/13 – 6/30/14
Type of Coverage:	Inside the Premises – Theft of Money and Securities
Insurer:	Curneal & Hignite Insurance Agency
Amount of Coverage:	\$100,000
Policy Term:	7/1/13 – 6/30/14

See Independent Auditor's Report.

**FRANKLIN SPECIAL SCHOOL DISTRICT - INTERNAL SCHOOL FUNDS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

Franklin Special School Districts' Internal School Funds received no federal awards or state financial assistance for the school year ended June 30, 2014.